



Date: June 13, 2016

To: Thomas J. Bonfield, City Manager

Through: Wanda S. Page, Deputy City Manager

From: Regina Youngblood, Director of Human Resources
Alethea Hardy, Compensation and Classification Manager

Subject: FY 2016-17 Non-Exempt Pay Structure Adjustment Recommendation

Executive Summary

The City of Durham strives to provide fair, equitable and competitive compensation in its efforts to attract, retain, develop and reward our employee workforce. These efforts support the Innovative and High Performing Organization City goal. This agenda item recommends changes to the City of Durham's Non-Exempt Pay Structure to be effective July 1, 2016.

Human Resources proposes changes to the Non-Exempt Pay Structure increasing the minimum salary of each pay grade by approximately 6% to support pay differentials between jobs with increasingly greater levels of responsibility. Additionally, Human Resources proposes adjusting the midpoints and maximums of these pay grades by 3% to maintain an equitable balance between this pay plan and the Exempt and Senior Management Pay Plans, both scheduled for 3% structure adjustments on January 1, 2017.

Recommendation

The administration recommends the attached Non-Exempt Pay Structure be approved and adopted into the City of Durham's Compensation Plan (Attachment 1 – FY2016-2017 Non-Exempt Pay Structure Adjustment Recommendation). If approved, the minimum pay rate changes will be applied to affected employees after pay for performance increases have been applied to their salaries, with their resulting salary being reflected in the July 8, 2016 paycheck.

On January 1, 2017, the City of Durham will implement a 3% structure adjustment to the Exempt and Senior Management Pay Structures. Human Resources recommends a parallel adjustment to the Non-Exempt Pay Structure effective July 1, 2016. Attachment 1, FY2016-2017 Non-Exempt Pay Structure Adjustment

Recommendation, illustrates the recommended structure changes. Adjustments to these control points of the salary structure are necessary to maintain the City of Durham's market competitiveness and maintain the integrity of the comprehensive compensation plan.

Background

To maintain the City's market-based pay plan and remain competitive with changing market rates, the Human Resources Department recommends the proposed adjustments be made to the Non-Exempt Pay Structure.

Issues and Analysis

One effect of adopting these changes to the Non-Exempt Pay Structure, which supports our job classifications assigned to the lower 9 pay grades, grades 200 through 208, will be that the midpoints and maximums of the salary ranges will stay better aligned with the market and with the Exempt Pay Structure. Another effect will be that the range spread from the minimum to maximum pay rates of these grades will be narrower, with employees hired much closer to the midpoint. Midpoint is representative of the average rate for a fully qualified employee in the job.

Alternatives

No alternatives recommended.

Financial Impact

The adjustment of the Non-Exempt Pay Structure will impact 215 full time employees and those part-time employees performing work commensurate to that of full time classifications. The cost of implementation will be absorbed within the budgeted average 4% pay for performance increase funding by allotting approximately \$119,000 from the General Fund for these adjustments.

SBDE Summary

There are no SBDE requirements.

Attachments

Attachment 1 – FY2016-2017 Non-Exempt Pay Structure Adjustment Recommendation